

EX PARTE OR LATE FILED

BELLSOUTH
ORIGINAL

Kathleen B. Levitz
Vice President-Federal Regulatory

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March 4, 1998

RECEIVED

MAR 4 - 1998

Federal Communications Commission
Office of Secretary

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D.C. 20554

Re: Written Ex Parte in:
CC Docket No. 97-208 / CC Docket No. 97-231,
CC Docket No. 97-121, CC Docket No. 97-137,
And CC Docket No. 96-98

Dear Ms. Salas:

This is to inform you that BellSouth Corporation has responded today in a written ex parte to a request for information not previously included in the record of any of the proceedings listed above. The staff made this request at a meeting of Common Carrier Bureau staff and representatives of BellSouth Corporation, for which notice has been filed with you today. That meeting related to issues related to the requirements of Sections 251, 251 and 272 of the Communications Act of 1934, as amended..

Pursuant to Section 1.1206(a)(1) of the Commission's rules, we are filing two copies of this notice and that written ex parte presentation. Please associate this notification with the above-referenced proceedings.

Sincerely,

Kathleen B. Levitz

Kathleen B. Levitz
Vice-President
Federal Regulatory Affairs

Attachment

cc: Carol Matthey
Joe Welch

No. of Copies rec'd 04 11
List A B C D E

BELLSOUTH

Kathleen B. Levitz
Vice President-Federal Regulatory

March 4, 1998

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MAR 4 - 1998

**Federal Communications Commission
Office of Secretary**

Ms. Carol Matthey
Acting Chief
Policy and Program Planning Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Written Ex Parte in CC Docket No. 97-208, CC Docket No. 97-231, CC
Docket No. 97-124, CC Docket No. 97-137 and CC Docket No. 96-98

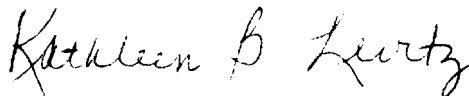
Dear Ms. Matthey:

On Tuesday, March 3, 1998, representatives of BellSouth met with you and your staff to discuss issues relating to BellSouth's compliance with the Commission's Section 272 accounting safeguards. At that time your staff asked the BellSouth representatives for a hard copy of the contents of its website related to affiliate transactions between BellSouth Long Distance, Inc. and BellSouth Telecommunications, Inc.

We have obtained the information your staff requested. That information is attached. If after reviewing this attachment your staff concludes that it needs additional or different information related to these topics, please call me at (202) 463-4113.

In compliance with Section 1.1206(a)(1) of the Commission's rules, we have today filed with the Secretary of the Commission two copies of this written ex parte presentation in each of the proceedings listed above and requested that it be associated with each of those proceedings.

Sincerely,



Kathleen B. Levitz
Vice President
Federal Regulatory Affairs


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This index contains a summary of past transactions and the text of agreements between BellSouth Long Distance, Inc. (BSLD) and BellSouth Telecommunications, Inc. (BST). Section 272 (a)(2) of Section 47 of the United States Code describes services that must be provided by an affiliate separate from a Bell Operating Company (BOC). BSLD is not currently performing any of the services described in Section 272(a)(2) and therefore is not subject to the requirements of Section 272, including Section 272(b)(5), which requires that transactions between a BOC and its Section 272 affiliate be "reduced to writing and available for public inspection." Accordingly, the postings to this site made at this time, before BSLD is subject to the obligations of Section 272, are made voluntarily and not pursuant to any legal requirement. At such time as BSLD is subject to the requirements of Section 272, this site will contain the postings required by the statute and applicable regulations.

Index of Transactions:

- [BST/BSLD Global Calling Card Trial Marketing and Sales Agreement](#)
- [Past Transactions](#)
- [Workbrief Agreements Regarding AIN Applications](#)
- [BellSouth Telecommunications Fraud Management Services Market Trial Agreement](#)
- [Facility Use Agreement](#)
- [End to End Test Agreement](#)
- [End to End Test Agreement](#)
- [Collocation Agreement By and Between BellSouth Telecommunications, Inc. and BellSouth Long Distance, Inc.](#)
- [The BellSouth Telecommunications Clearinghouse Operating Agreement for the Billing and Collection Service Package](#)


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Transactions

TRIAL MARKETING AND SALES AGREEMENT

Resources

[Transactions Between
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Telecommunications, Inc.
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Distance Inc.](#)

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1. PARTIES

The parties to this Trial Marketing and Sales Agreement ("Agreement") are BellSouth Telecommunications, Inc. ("BST"), a Georgia corporation, 675 West Peachtree Street, N.E., Atlanta, Georgia, 30375, and BellSouth Long Distance, Inc., ("BSLD"), a Delaware corporation, 32 Perimeter Center East, Atlanta, Georgia, 30346.

2. PURPOSE OF THE TRIAL AGREEMENT

The purpose of the Trial Agreement is to define the activities of the parties that will be taken in conjunction with the marketing and sales of certain Products and Services provided by the parties and, to define the Functions that BST will provide to BSLD (Schedule A), and to detail the Products and Services of BSLD that BST will market and sell for BSLD (Schedule B).

3. TERM OF THE TRIAL AGREEMENT

A. Trial Period Duration

The trial period shall commence on the first performance of service by BST and, unless terminated earlier as set forth herein, shall continue until December 31, 1998. It is mutually understood and agreed to by both parties that this Trial Agreement or, if applicable, the designated portions of such Agreement, is for the duration of the trial period stated herein, and represents no commitment on the part of either party to continue this relationship or continue or extend any of the terms of this Trial Agreement beyond the time period expressly set forth herein.

B. Trial Assessment

Due to uncertainties relating to certain technical and operational feasibility and other business factors, this Agreement is being entered into for a trial period only. At the end of the trial period, BST will evaluate the technical, operational, and other business considerations pertaining to this trial arrangement, in order to determine at that time whether and to what extent BST is willing to continue in any or all of the arrangements covered under the Trial Agreement.

4. FUNCTIONS

The functions that BST will perform for BSLD are detailed in Schedule A. The Products and Services of BSLD that will be sold pursuant to this Agreement are listed in Schedule B. Functions may be added to or deleted from Schedule A upon consent of both parties. The Schedules may be amended from time to time by mutual agreement of the parties. Notwithstanding the above, BST shall in no way be expected or required to add functions or Products and

Services to this Agreement unless BST makes an independent determination that such additions are acceptable to BST.

5. OBLIGATIONS OF THE PARTIES

5.1 Appointment of BST As Authorized Representative

BSLD hereby appoints BST as an authorized representative to promote the sale of and to solicit orders for the Products and Services.

5.2 BST Accepts Appointment

BST hereby accepts such appointment and agrees to exert reasonable efforts to promote, on BSLD's behalf, the marketing and sale of the Products and Services.

5.3 Obligations of BST

BST agrees that:

- (a) It will employ and train a sufficient sales force and staff to market and sell BSLD Products and Services and to provide adequate marketing coverage for prospective customers;
- (b) It will provide in accordance with Schedule A planning, promotional, sales and marketing services, including, where applicable, but not limited to: i) coordination of adequate initial and ongoing customer training on proper use of Products and Services; ii) Products and Services' consulting; iii) provision to customers of available information regarding technical, functional, and other Product and Service information; and iv) handling of requests from customers for new or changed Products and Services;
- (c) It will successfully complete any reasonable training or certification or program(s) outlined or required from time to time by BSLD. BSLD reserves the right to modify any such requirements from time to time, without prior notice to BST. However, if BST does not choose to continue the relationship as modified by BSLD, then BST may exercise its right to terminate the Agreement without recourse to BSLD.
- (d) It will accept customer requests for Products and Services and process such requests in accordance with Schedule A.
- (e) It will provide access to service representatives, in accordance with existing BST hours of operation, to provide the functions agreed upon herein.
- (f) It will share BSLD-specific customer information gathered as a result of its efforts, and as deemed necessary by both parties for their respective obligations under this Agreement.

5.4 Obligations of BSLD

BSLD agrees that:

- (a) it will provide training materials for BST personnel who will be trained on the sale of BSLD Products and Services;
- (b) it will make timely payment for BST sales and marketing functions as provided in this Agreement;
- (c) it will deliver "high" quality Products and Services to customers; and
- (d) it will develop Products and Services and secure all necessary governmental approvals for their offering, including the filing of tariffs, if applicable.

6. COMMITMENTS

6.1 Exclusivity

For the term of this Agreement, BST agrees to market to its subscribed or prospective customers, the BSLD Products and Services subject to this Agreement to the exclusion of all other competing Products and Services that are provided by other non-affiliated providers in competition with the BSLD Products and Services in the geographic areas in which BST provides wireline services. During the term of this Agreement, BSLD agrees not to use any non-affiliated competitive local exchange company ("CLEC") in the geographic area in which BST provides wireline services to market or sell BSLD's Products and Services.

7. PAYMENT

7.1 Billing and Payment

(a) BST billing to BSLD shall be in compliance with all federal and state regulatory requirements governing such transactions and applicable from time to time. Payment of compensation under this Agreement is due, and BSLD's obligation to pay such compensation is enforceable, upon BST's presentation of a sufficiently detailed bill to BSLD. BST shall render a sufficiently detailed bill promptly after services are provided, but in no event later than the 16th workday following the end of the month for which billing is made. Payment shall be made by BSLD by electronic funds transfer or by such other payment as the parties may agree in writing. Payment shall be considered timely if made within one month after the date of the bill, unless BSLD provides to BST, within one month after the date of the bill in which the charge first appears, a written explanation of the basis for a Bill Dispute with respect to any such charges legitimately in dispute. In such case, payment shall be considered timely if made within the later of (1) two months after the date of the bill; (2) ten days after the receipt of the written explanation required by Section 7.2 (a) or (3) such later date as BST may specify in writing.

(b) If BSLD does not make timely payment of any nondisputed charge, BST may apply a late payment charge equal to 1.5% for each whole or partial month between the date on which payment would have been considered timely and the date on which payment is actually made to BST. Nothing in this subsection shall require BSLD to pay late charges on amounts subject to a legitimate bill dispute.

(c) If BSLD has paid any amount of a disputed charge and the dispute is resolved in whole or in part in favor of BSLD, BST shall reimburse the disputed amount so resolved plus interest at the same percentage rate specified in subsection (b) for the period beginning 30 days after BSLD payment and concluding on the date of reimbursement, if later than such 30-day period.

7.2 Bill Dispute

A Bill Dispute is a bona fide dispute of a bill charged that has been identified with specificity to BST in writing by BSLD. The parties will work together to develop a mutually agreeable process for the resolution of bill disputes. Such process shall include, at a minimum:

(a) the requirement that BSLD provide a written explanation of the basis for a bill dispute, and requirement that BST promptly commence an investigation that will permit BST to provide a complete written response within thirty (30) days after the BSLD written explanation;

(b) a process that identifies the disputed charges as correct or incorrect, and a means of appropriately adjusting, if necessary, the

charges.

8. DEFAULT AND TERMINATION

8.1 BSLD Default

BST may declare BSLD to be in default if:

(a) BSLD fails to make timely payment of any undisputed sum due BST and fails to cure such default within ten (10) days of certified mail notice to BSLD, either by paying the unpaid charges or by providing an irrevocable letter of credit of equal amount;

(b) BSLD fails to perform or comply with or violates any material warranty, term, condition or obligation of this Agreement and fails to cure such failure or violation within sixty (60) days after BST provides notice declaring BSLD's failure or violation and referencing this provision;

(c) any material representation, warranty, certification or statement made by BSLD in this Agreement proves to have been incorrect or misleading in any material respect when made, and BSLD fails to cure the resulting default within sixty (60) days after BST provides notice declaring BSLD to be in default under this provision;

(d) Either (A) any license, permit, consent or approval of any governmental body, authority, agency, or instrumentality is revoked, withdrawn, withheld, materially modified or otherwise fails to remain in full force and effect, or (B) a foreign, federal, state or local statute, regulation or order is enacted, adopted or otherwise promulgated, with the result that BSLD is unable to perform its obligations under this Agreement and BSLD does not remedy or negate the effect of the revocation, withdrawal, modification, order, adoption or promulgation within sixty (60) days after BST provides notice declaring BSLD to be in default under this provision.

8.2 BST Default

BSLD may declare BST in default if:

(a) BST fails to perform or comply with or violates any material warranty, term, condition or obligation of this Agreement and to cure such failure or violation within sixty (60) days after BSLD provides notice declaring BST's failure or violation and referencing this provision;

(b) Any material representation, warranty, certification or statement made by BST. in this Agreement proves to have been incorrect or misleading in any material respect when made, and BST fails to cure the resulting default within sixty (60) days after BSLD provides notice declaring BST to be in default under this provision;

(c) Either (A) any license, permit, consent or approval of any governmental body, authority, agency, or instrumentality is revoked, withdrawn, withheld, materially modified or otherwise fails to remain in full force and effect, or (B) a foreign, federal, state or local statute, regulation or order is enacted, adopted or otherwise promulgated, with the result that BST is unable to perform its obligations under this Agreement and

(d) BST does not remedy or negate the effect of the revocation, withdrawal, modification, order, adoption or promulgated within sixty (60) days after BSLD provides notice declaring BST to be in default under this provision.

8.3 Default by Either Party

For the purpose of this Agreement either party to this Agreement shall be in default if such party:

- (a) Ceases to do business as a going concern;
- (b) Makes a general assignment for the benefit of, or enters into any arrangement with creditors in lieu thereof;
- (c) Is unable or admits in writing its inability to pay its debts as they become due;
- (d) Is insolvent, bankrupt or the subject of a receivership;
- (e) Authorizes, applies for, or consents to the appointment of a trustee or liquidator or all, or a substantial part, of its assets, or has proceedings seeking such appointment commenced against it which are not terminated within ninety (90) days of such commencement;
- (f) Files a voluntary petition under any bankruptcy or insolvency law or files a voluntary petition under the reorganization or arrangement provisions of the laws of the United States pertaining to bankruptcy or any similar law of any jurisdiction or has proceedings under any such law instituted against it which are not terminated within sixty (60) days of such commencement; or
- (g) Has any substantial part of its property subjected to any levy, seizure, assignment or sale for or by any creditor or governmental agency without such levy, seizure, assignment or sale being released, lifted, reversed or satisfied within ten (10) days.

8.4 Termination by BST

- (a) BST, after notice to BSLD, may terminate this Agreement prior to the intended term limit without liability if BSLD defaults as described in Section 8.1 or 8.3 and does not cure the default within the time allowed. In such case, BSLD shall pay BST the reasonable value of this Agreement which shall be defined as the average monthly sales fees billed by BST since the inception of this Agreement multiplied by the remaining months left on the Agreement or any extension thereof. Such amount represents a mutually agreed upon reasonable estimate of the actual damages BST would suffer in the event of BSLD's default.
- (b) BST, after notice to BSLD, may terminate this Agreement prior to its intended term limit with liability by paying BSLD an amount representing a reasonable cost of cover not to exceed \$ 250,000 dollars. Such amount represents a mutually agreed upon reasonable estimate of the actual damages BSLD would suffer in the event of BST's termination.

8.5 Termination by BSLD

- (a) BSLD, after notice to BST, may terminate this Agreement without liability if BST defaults as provided in Section 8.2 or 8.3 and does not cure the default in the time allowed. In such case, BST shall pay BSLD as if BST had terminated with liability pursuant to Section 8.4(b).
- (b) BSLD's right of termination under this Section, together with such other remedies as are expressly set forth in this Agreement, shall be BSLD's sole and exclusive remedies for the event(s) giving rise to the right to terminate.
- (c) BSLD may terminate this Agreement with liability by paying BST the reasonable value of this Agreement, as defined in Section 8.4(a).

9. LIMITATION OF LIABILITY/INDEMNIFICATION

- (a) Each party agrees to indemnify and hold harmless the other party and its shareholders, directors, officers, and employees (collectively

the "Indemnitees") and each of them from and against any loss, costs, damages, claims, expenses (including attorneys' fees) or liabilities (collectively referred to as "Liabilities") by reason of any injury to or death or disease of any person, damage to or destruction or loss of any property or any other damages arising out of, resulting from, or in connection with (i) the performance or nonperformance of the Services contemplated by this Agreement which is caused in whole or in substantial part by an act, omission, default, or negligence (whether active or passive) of the party or its employees, or regardless of whether the party's liability would otherwise be limited to payments under state worker's compensation or similar laws, or (ii) the failure of the party to comply with any of the terms and conditions herein or the failure to conform to statutes, ordinances, or other regulations or requirements or any governmental authority in connection with the performance of the Services provided for in this Agreement, including actions brought by the party's employees under worker's compensation or similar laws.

(b) Each party further agrees to indemnify and hold harmless the Indemnitees from the other against (i) any and all penalties imposed on account of the violation of any law, ordinance, order, rule, regulation, condition, or requirement, in any way related, directly or indirectly to each party's performance hereunder, compliance with which is left by this Agreement to each party and (ii) any and all claims, liens and/or suits for labor and materials furnished at the party's request.

(c) Each party shall, at its own cost, expense, and risk, defend any claim, suit, action or other legal proceeding (collectively "action") for which that party is hereunder obligated to indemnify an Indemnitee. Subject to the provisions of subparagraph 3. above, the responsible party shall pay and satisfy any judgment or decree which may be rendered against any of the Indemnitees in any such action and shall pay reasonable costs and reasonable attorneys' fees which may be incurred by the Indemnitees in connection therewith and/or in enforcing the indemnification provisions set forth above. Should the responsible party in the opinion of the other party, ignore or fail to properly handle or defend any such action, the other party may, at its option, assume and undertake, or join the handling or defense of any such action, and in that event the responsible party will reimburse the other for reasonable attorneys' fees and other reasonable expenses incurred by it in handling or defending same, including any reasonable amounts paid in settlement thereof or satisfaction of any judgment rendered.

10. CONFIDENTIALITY

(a) All information disclosed by either party to the other pursuant to this Agreement, other than such information as may be generally available to the public or the industry or as may be intended by such disclosing party to be disclosed by it, or that must be disclosed pursuant to legal requirements, is and will be disclosed in confidence solely for the parties' use in the performance of this Agreement. The parties agree to keep such information ("Information") secret and confidential, and not to disclose it to any other person or use it, during the term of this Agreement or for one year after its termination except in carrying out its obligations hereunder or in response to obligations imposed by federal or state tariffs, or order of a court or regulatory body.

(b) The parties shall take effective precautions, contractual and otherwise, reasonably calculated to prevent unauthorized disclosure or misuse of such Information by any of its employees or by any other person having access to such information.

(c) Within ninety (90) days after the expiration or the termination of this Agreement by either party for any reason, the parties agree promptly to return to each other, or to certify the destruction of, any

physical or written records containing such Information then in its possession.

(d) If either party is served with process to obtain such Information, such party shall immediately notify the other party which shall, in addition to the notifying parties' efforts, if any, have the right to seek to quash such process, or to take such other actions necessary to protect the confidentiality of the Information.

11. MISCELLANEOUS

11.1 Assignability

This Agreement is not assignable by either party without the written consent of the other.

11.2 No Right to Market BST Telephone Exchange Services.

BSLD does not seek, and BST is not granting, any authority to market or sell the telephone exchange services of BST.

11.3 Price Includes All BST Functions.

The pricing detailed in Schedule A includes all functions deemed necessary or desirable by BST to perform its collective obligations contained in this Agreement. Such functions include, without limitation, administration functions, support functions, financial functions, legal functions, planning functions and all other direct and miscellaneous functions performed by BST in furtherance of this Agreement.

11.4 Legal Obligations of BST Not Disturbed.

BSLD acknowledges that BST has various obligations to other interexchange carriers and to competitive local exchange carriers under various provisions of law. Nothing in this Agreement is intended to disturb or hinder the performance of BST in furtherance of those obligations. If, at any time, BST believes that performance of its obligations under this Agreement may affect adversely the performance of other legal obligations, it shall immediately notify BSLD and the parties shall negotiate a compromise, or, if necessary, a termination of all or part of this Agreement to permit BST's continued performance of its other legal obligations.

12. AMENDMENTS

This Agreement or any Schedule may be amended only by written agreement of the parties.

13. ENTIRE AGREEMENT

This Agreement integrates and sets forth the entire understanding and supersedes prior agreements between the parties relating to the subject matter contained herein and merges all prior discussions between them, and neither party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the party to be bound thereby.

**BELLSOUTH
TELECOMMUNICATIONS,
INC.**BY: _____
(Signature)NAME: _____
(Printed Name)

TITLE: _____

DATE: _____

**BELLSOUTH
LONG DISTANCE,
INC.**BY: _____
(Signature)NAME: _____
(Printed Name)

TITLE: _____

DATE: _____

**SCHEDULE A
MARKETING AND SALES FUNCTIONS****1. SALES AND MARKETING SERVICES**

1.1 BST may sell the BSLD Products and Services identified in Schedule B through its service representatives in its business offices, through telemarketing sales representatives, and through its direct and indirect sale forces. Upon written request from BSLD, BST shall inform BSLD in writing of the identification of the third party sales agents BST uses to sell BSLD services.

1.2 BST will handle customer inquiries concerning the following:

- (a) Product and Service Descriptions;
- (b) Product and Service Operations;
- (c) Product and Service Promotional Pricing Plans;
- (d) Rate Information;
- (e) Dialing Instructions;

1.3 BSLD may develop, from time to time, collateral sales tools that will assist BST in selling BSLD's Products and Services by permitting sales personnel to answer customer questions that seek comparison of BSLD services with those of other providers. BSLD will be solely responsible for the funding and development of any such sales tools, and shall be the sole owner of any intellectual property associated with such tools. BST agrees to make reasonable use of any such tools in furtherance of its sales functions.

1.4 BST will provide mutually agreed upon reports to BSLD sufficient for BSLD to monitor Products and Services sold in the BST sales channels.

2. SERVICE ORDER PROCESSING

2.1 BST will perform the following service order processing functions:

- (a) BST will accept customer orders for the BSLD Products and Service through the sales personnel identified in Section 1 of this Schedule;
- (b) BST will enter orders for the BSLD Products and Services into its processing system;
- (c) BST will conduct such credit check and credit verification services for BSLD as may be deemed necessary, and that is consistent with then existing BST credit policies;
- (d) BSLD will have the right to review BST credit policies to ensure that application of such policies is consistent with its business

interests;

(e) BST will collect any deposits or prepayments from customers as may be required to meet BST credit policies;

(f) BST will conduct any necessary customer training or education that may be required as part of activating the BSLD customer's account;

(g) BST will provide global card numbers and issue personal identification numbers (PINs) to customers subject to mutually agreeable terms and conditions.

3. METHODS AND PROCEDURES

3.1 The parties may adopt methods and procedures that provide details for the performance of the functions contemplated by this Schedule A. Agreements on methods and procedures shall be reduced to writing and executed in the same manner as an amendment to the Agreement.

4. PRICING

4.1 The price for all functions specified by this Schedule A is as follows:

The proxy price for these services shall be 36.92 % of BSLD's Gross Margin derived by BSLD from sales of the BellSouth Global Card related products and services. For purposes of this Section, the term "Gross Margin" shall be defined as BSLD Revenues realized and derived from the BellSouth Global Card related products and services, less only Cost of Goods Sold. The term "Cost of Goods Sold" shall be defined as the cost to BSLD of the transport and access charge liability owed its international contract carrier.

This price will be applied from the date this Trial Agreement is signed by BST until the date a final price is agreed to by both parties. The final price will be developed by BST based on a comprehensive business analysis and will represent a "fair market value" that will be deemed by BST to be appropriate for federal regulatory accounting rule compliance. The final price will be communicated to BSLD no later than sixty (60) days prior to the termination of this Trial Agreement, or any extension thereof, this Trial. Thereafter, an evaluation of the billing to BSLD based on the proxy price during the trial period will be accomplished by both parties and, if necessary the cumulative billings will be trued-up based on the final price retroactive to the execution date of this Trial Agreement. BSLD and BST will then negotiate whether and to what extent they wish to pursue any permanent arrangement based on the final rates and charges. Assuming the parties mutually agree to continue the relationship under the final pricing arrangement the parties will alter this Agreement accordingly, and execute a permanent agreement at that time.

5. MISCELLANEOUS

5.1 BST will support adequate End-to-End Testing of the Products and Services to ensure product functionality.

5.2 BST agrees to accept BSLD orders for service and product-specific bill inserts and marketing messages to be included in the BST bill. The inclusion of such messages and inserts will be subject to acceptance and approval by the appropriate BST Customer Operations Unit (COU), subject to BST policy and business practices in effect at the time of the request, and will be subject to additional charges.

SCHEDULE B BSLD PRODUCTS AND SERVICES TO BE MARKETING

AND SOLD UNDER THIS AGREEMENT

1. Basic Services: BellSouth Global Calling/Billing Platform Services
 2. Products: BellSouth Global Card
-

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ifill

Transactions

Collocation Agreement By and Between BellSouth Telecommunications, Inc.

Resources

and

BellSouth Long Distance, Inc.

BELLSOUTH PHYSICAL COLLOCATION

MASTER AGREEMENT

Transactions Between
BellSouth
Telecommunications, Inc.
and BellSouth Long
Distance Inc.

Filings and Positions

THIS AGREEMENT, made this Fifth (5th) day of June, 1997, by and between BellSouth Telecommunications, Inc. ("BellSouth"), a corporation organized and existing under the laws of the State of Georgia, and BellSouth Long Distance, Inc. ("Interconnector"), a corporation organized and existing under the laws of Delaware;

WITNESSETH

WHEREAS, Interconnector wishes the right to occupy the BellSouth Central Office(s) delineated herein for the purpose of interconnection to BellSouth's facilities;

WHEREAS, BellSouth has space available in its Central Office(s) which Interconnector desires to utilize; and

WHEREAS, BellSouth is willing to make such space available to Interconnector within its Central Office(s) subject to all terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

I. SCOPE OF AGREEMENT

A. BellSouth hereby grants to Interconnector a right to occupy that certain enclosed area designated by BellSouth within a BellSouth Central Office, of a size and dimension which is specified by Interconnector and agreed to by BellSouth (hereinafter "Collocation Space"). BellSouth will design and construct at Interconnector's expense, a wall or other delineation to establish a clear division between the Collocation Space and other areas of the Central Office dedicated to BellSouth's use.

B. Interconnector shall use the Collocation Space for the purposes of installing, maintaining and operating Interconnector's equipment (to include testing and monitoring equipment) which is used to interconnect with telecommunications services and facilities provided by BellSouth. Pursuant to Article III, following, Interconnector may place Interconnector-owned fiber entrance facilities to the Collocation Space, in which case the arrangement is designated "Expanded Interconnection." Placement of equipment in the Collocation Space without the use of Interconnector-owned entrance facilities is designated "Service Interconnection." In addition to, and not in lieu of, interconnection to BellSouth services and facilities, Interconnector may connect to other Interconnectors within the designated Central Office. The Collocation Space may be used for no other purposes except as specifically described herein or authorized in writing by BellSouth.

C. Interconnector may not provide or make available space within the Collocation Space to any third party. Any violation of this provision shall be deemed a material breach of this Agreement.

D. Interconnector agrees to pay the rates and charges identified at Exhibit A attached hereto.

E. A Collocation Space will be provided to Interconnector at each Central Office identified at Exhibit B attached hereto, which Exhibit shall be updated from time to time as additional Central Offices are made subject to the terms of this Agreement.

II. TERM OF AGREEMENT

A. Commencement Date. The "Commencement Date" shall be the first day after Interconnector's equipment becomes operational as described in Article II.B, following. This Agreement shall be for an initial term of two (2) years, beginning on the Commencement Date and ending two (2) years later on the month and day corresponding to the Commencement Date.

B. Occupancy. BellSouth will notify Interconnector that the Collocation Space is ready for occupancy. Interconnector must place operational telecommunications equipment in the Collocation Space and connect with BellSouth's network within one hundred eighty (180) days after receipt of such notice. BellSouth may consent to an extension beyond 180 days upon a demonstration by Interconnector that circumstances beyond its reasonable control prevented Interconnector from completing installation by the prescribed date. If Interconnector fails to place operational telecommunications equipment in the Collocation Space within 180 days and such failure continues for a period of thirty (30) days after receipt of written notice from BellSouth, then and in that event this Agreement shall terminate and BellSouth shall have no further obligations to Interconnector hereunder. Termination of the Agreement pursuant to this paragraph shall not operate to release Interconnector from its obligation to reimburse BellSouth for all costs reasonably incurred by BellSouth in preparing the Collocation Space, but rather such obligation shall survive this Agreement. For purposes of this paragraph, Interconnector's telecommunications equipment will be deemed operational when cross-connected to BellSouth's network for the purpose of service provision.

C. Termination. Interconnector may terminate this Agreement upon thirty (30) days prior written notice to BellSouth. Upon termination, Interconnector at its expense shall remove its equipment and other property from the Collocation Space. Interconnector shall have thirty (30) days from the termination date to complete such removal; provided, however, that

Interconnector shall continue payment of monthly fees to BellSouth until such date as Interconnector has fully vacated the Collocation Space. Should Interconnector fail to vacate the Collocation Space within thirty (30) days from the termination date, BellSouth shall have the right to remove the equipment and other property of Interconnector at Interconnector's expense and with no liability for damage or injury to Interconnector's property unless caused by the negligence or intentional misconduct of BellSouth.

III. USE OF COLLOCATION SPACE

A. Nature of Use. BellSouth shall permit Interconnector to place, maintain and operate in the Collocation Space any equipment that Interconnector is authorized by BellSouth and by Federal or State regulators to place, maintain and operate in collocation space and that is used by Interconnector to provide services which Interconnector has the legal authority to provide. The equipment must at a minimum comply with the BellCore Network Equipment Building System (NEBS) General Equipment Requirements (TR-NWT-000063) and National Electric Code standards. Interconnector may elect to enclose the Collocation Space. Interconnector shall not use the Collocation Space for marketing purposes. Interconnector shall place no signs or marking of any kind (except for a plaque or other identification affixed to Interconnector's equipment and reasonably necessary to identify Interconnector's equipment, and which shall include a list of emergency contacts with telephone numbers), in the area surrounding the Collocation Space or on the grounds of the Central Office housing the Collocation Space.

B. Entrance Facilities. Interconnector may elect to place Interconnector-owned entrance facilities into the Collocation Space. BellSouth will designate the point of interconnection in proximity to the central office building housing the Collocation Space, such as an entrance manhole or a cable vault. Interconnector will provide and place cable at the point of interconnection of sufficient length to be pulled through conduit

and into the splice location. No splicing will be permitted in the entrance manhole. Interconnector will provide a sufficient length of fire retardant riser cable, to which the entrance cable will be spliced, which will extend from the splice location to the Interconnector's equipment in the Collocation Space. Interconnector must contact BellSouth for instructions prior to placing the entrance facility cable in the manhole. Interconnector is responsible for maintenance of the entrance facilities. Dual entrance will be permitted where capacity exists. The interconnection point for entrance facilities extending from a rooftop antenna will be designated by BellSouth on the Application/Inquiry response.

C. Demarcation Point. A point-of-termination bay(s) will designate the point(s) of interconnection between Interconnector's equipment and/or network and BellSouth's network. Each party will be responsible for maintenance and operation of all equipment/facilities on its side of the demarcation point. Interconnector may, at its option, provide its own point-of-termination bay(s) in accordance with BellSouth's guidelines and specifications, which BellSouth will provide upon request.

D. Interconnector's Equipment and Facilities. Interconnector is solely responsible for the design, engineering, testing, performance, monitoring, maintenance, and repair of the equipment and facilities used by Interconnector in the Collocation Space. Without limitation of the foregoing provisions, Interconnector will be responsible for servicing, supplying, repairing, installing and maintaining the following: (1) cable(s); (2) equipment; (3) point-of-termination cross-connects; (4) point of termination maintenance, including replacement fuses and circuit breaker restoration, if not performed by BellSouth; and (5) connection cable(s) and associated equipment which may be required within the Collocation Space to the points of interconnection.

E. Access and Administration. Interconnector shall have access to the Collocation Space twenty-four (24) hours per day, seven (7) days per week. BellSouth shall provide access to bathrooms and drinking water, where available, within the

Central Office twenty-four (24) hours per day, seven (7) days per week. A security escort will be required at Central Offices where separate, secured ingress and egress are not available and access would require Interconnector to traverse restricted areas. All employees, agents and contractors of Interconnector having access to the Collocation Space shall comply with BellSouth's policies and practices pertaining to fire, safety and security, and each such employee, agent or contractor shall display an identification badge issued by Interconnector or certified vendor which contains a current photo, the individual's name and company name/logo. Interconnector agrees to comply with all laws, ordinances and regulations affecting the use of the Collocation Space. Upon expiration of this Agreement, Interconnector shall surrender the Collocation Space to BellSouth in the same condition as when first occupied by the Interconnector except for ordinary wear and tear.

F. Interference or Impairment.

Notwithstanding any other provisions of this Agreement, equipment and facilities placed in the Collocation Space shall not interfere with or impair service provided by BellSouth or by any other interconnector located in the Central Office; shall not endanger or damage the facilities of BellSouth or of any other interconnector, the Collocation Space, or the Central Office; shall not compromise the privacy of any communications carried in, from, or through the Central Office; and shall not create an unreasonable risk of injury or death to any individual or to the public. If BellSouth reasonably determines that any equipment or facilities of Interconnector violate the provisions of this paragraph, BellSouth shall give written notice to Interconnector, which notice shall direct Interconnector to cure the violation within twenty-four (24) hours or, at a minimum, to commence curative measures within 24 hours and to exercise reasonable diligence to complete such measures as soon as possible thereafter. If Interconnector fails to take curative action within 24 hours or if the violation is of a character which poses an immediate and substantial threat of damage to property, injury or death to any person, or interference/impairment of the services provided by BellSouth, then and only in that event BellSouth may take such action as it

deems appropriate to correct the violation, including without limitation the interruption of electrical power to Interconnector's equipment. BellSouth will endeavor, but is not required, to provide notice to Interconnector prior to taking such action and shall have no liability to Interconnector for any damages arising from such action, except to the extent that such action by BellSouth constitutes willful misconduct.

G. Personalty and its Removal. Subject to requirements of this Agreement, Interconnector may place or install in or on the Collocation Space such facilities and equipment as it deems desirable for the conduct of business. Personal property, facilities and equipment placed by Interconnector in the Collocation Space shall not become a part of the Collocation Space, even if nailed, screwed or otherwise fastened to the Collocation Space, but shall retain their status as personalty and may be removed by Interconnector at any time. Any damage caused to the Collocation Space by Interconnector's employees, agents or representatives during the removal of such property shall be promptly repaired by Interconnector at its expense.

H. Alterations. In no case shall Interconnector or any person acting on behalf of Interconnector make any rearrangement, modification, improvement, addition, repair, or other alteration to the Collocation Space or the BellSouth Central Office without the written consent of BellSouth, which consent shall not be unreasonably withheld. The cost of any such specialized alterations shall be paid by Interconnector.

IV. ORDERING AND PREPARATION OF COLLOCATION SPACE

A. Application for Space. Interconnector shall submit to BellSouth a complete and accurate Application and Inquiry document, together with payment of the Application Fee as stated in Exhibit A. The Application shall contain a detailed description and schematic drawing of the equipment to be placed in Interconnector's Collocation Space(s) and an estimate of the amount of square footage required. BellSouth will

respond to Interconnector's Application in writing following the completion of review, planning and design activities. Such response will include estimates on space availability, space preparation costs and space availability dates.

B. Bona Fide Firm Order. Interconnector shall indicate its intent to proceed with equipment installation in a BellSouth Central Office by submitting a Bona Fide Firm Order to BellSouth. A Bona Fide Firm Order requires Interconnector to complete the Application/Inquiry process described in Article IV.A preceding, submit an updated Application document based on the outcome of the Application/Inquiry process, and pay all applicable fees referenced in Article V, following. The Bona Fide Firm Order must be received by BellSouth no later than thirty (30) days after BellSouth's response to Interconnector's Application/Inquiry. Space preparation for the Collocation Space will not begin until BellSouth receives the Bona Fide Firm Order and all applicable fees.

C. Use of Certified Vendor. Interconnector shall select an equipment installation vendor which has been approved as a BellSouth Certified Vendor to perform all engineering and installation work required in the Collocation Space. BellSouth shall provide Interconnector with a list of Certified Vendors upon request. The Certified Vendor shall be responsible for installing Interconnector's equipment and components, extending power cabling to the BellSouth power distribution frame, performing operational tests after installation is complete, and notifying BellSouth's equipment engineers and Interconnector upon successful completion of installation. The Certified Vendor shall bill Interconnector directly for all work performed for Interconnector pursuant to this Agreement and BellSouth shall have no liability for nor responsibility to pay such charges imposed by the Certified Vendor.

D. Alarm and monitoring. BellSouth shall place environmental alarms in the Central Office for the protection of BellSouth equipment and facilities. Interconnector shall be responsible for placement, monitoring and removal of environmental and equipment alarms used to service the Collocation Space. Upon request, BellSouth

will provide Interconnector with applicable tariffed service(s) to facilitate remote monitoring of collocated equipment by Interconnector.

E. Basic Telephone Service. Upon request of Interconnector, BellSouth will provide basic telephone service to the Collocation Space under the rates, terms and conditions of the current tariff offering for the service requested.

F. Space Preparation. BellSouth shall prorate the costs of any renovation or upgrade to Central Office space or support mechanisms which is required to accommodate physical collocation. Interconnector's pro rated share will be calculated by multiplying such cost by a percentage equal to the amount of square footage occupied by Interconnector divided by the total Central Office square footage receiving renovation or upgrade. For this section, support mechanisms provided by BellSouth may include, but not be limited to heating/ventilation/air conditioning (HVAC) equipment, HVAC duct work, cable support structure, fire wall(s), mechanical upgrade, asbestos abatement, ground plane addition, or separate ingress/egress construction. Such renovation or upgrade will be evaluated and the charges assessed on a per Central Office basis. BellSouth will make reasonable efforts to provide for occupancy of the Collocation Space on the negotiated date and will advise Interconnector of delays. Interconnector agrees BellSouth shall not be liable to Interconnector for delays in providing possession of the Collocation Space.

G. Space Enclosure. Upon request of Interconnector, BellSouth shall construct an equipment arrangement enclosure of a size and dimension jointly agreed upon by the Parties. Interconnector may request enclosed floor space in increments of fifty (50) square feet, with a minimum of one hundred (100) square feet. Interconnector may, at its option, arrange with a BellSouth certified contractor to construct the space enclosure in accordance with BellSouth's guidelines and specifications. Such contractor shall directly bill Interconnector for activities associated with the space enclosure construction.

H. Cancellation. If Interconnector cancels its order for the Collocation Space(s),

Interconnector will reimburse BellSouth for any expenses incurred up to the date that written notice of the cancellation is received. In no event will the level of reimbursement under this paragraph exceed the maximum amount Interconnector would have otherwise paid for work undertaken by BellSouth if no cancellation of the order had occurred.

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BST and BSLD have conducted transactions. BST has performed and billed BSLD for the following described services performed through August 31, 1997 (certain bills delivered by BST totaling \$44,500 are under investigation and are not included here):

(1)Customer Billing Services:

Initial planning associated with setting up end user billing accounts for the initial BellSouth Long Distance product offering. Included planning associated with rating of calls, discounting of rated calls, computing, billing, and collecting taxes, bill presentation, and billing information flow between BST and BSLD. Also included documentation of work requirements for Information Technology (IT) coding. These services were provided to BSLD at fully distributed costs. The amount for these services totaled \$645,500. Services were provided from April, 1996 through August, 1997.

(2)Project Management:

Project management within BST for implementation of the sale of long distance products on an agency basis for BSLD. Provided assistance with issues such as the introduction, billing, and support of products through BST as a sales agent. These services were provided to BSLD at fully distributed costs. The amount of these services totaled \$195,000. Services were provided from June, 1996 through August, 1997.

**(3)Network - Infrastructure Planning and Management -
Provision of CIC Code:**

BST provided BSLD the rights to use 377 as a Carrier Identification Code (CIC). These services were provided to BSLD at fully distributed costs. The amount for these services totaled \$481,700. Services were provided from December, 1996 through July, 1997.

(4)Interconnect Services - Advanced Intelligent Network (AIN):

BST provided initial application software development for a Proprietary Calling Card Service Package. The software is for use in BSLD's Advanced Intelligent Network. This service was provided to BSLD at fully distributed costs. The amount for this service totaled \$80,000. Services were provided in November and December, 1996.

(5)Sales Channel Planning and Design:

BST provided planning and design services required to integrate long distance products into BST marketing plans and operations. Included development of specifications for taking service orders, handling of customer inquiries, credit policies, adjustment procedures, testing of sales and billing procedures, and training of service representatives. These services were provided to BSLD at fully distributed costs. The amount for these services totaled \$1,445,900. Services were provided from April, 1996 through August, 1997.

(6)Initial Planning:

Initial planning services during the start up phase for BSLD. These

services were provided to BSLD at fully distributed costs. The amount for these services totaled \$23,700. Services were provided from April, 1996 through August, 1996.

(7)Information Technology - Billing Systems:

BST provided services associated with the development, design, coding, and testing of systems, including infrastructure changes, to bill long distance products to end users based on BSLD's billing requirements and of reports to verify compliance with sales activities. Included changes necessary to provide customers a consolidated bill for local and long distance services. These services were provided to BSLD at fully distributed costs. The amount for these services totaled \$2,995,400. Services were provided from April, 1996 through August, 1997.

(8)Information Technology - Product Integration:

BST provided services to implement and test the systems interface between BST and BSLD for long distance products. Included development of initial account structure, systems changes for the acceptance of orders and customer inquiries, development of systems for the acceptance of BSLD product codes, and development of databases to store BSLD customer information. These services were provided at fully distributed costs. The amount for these services totaled \$622,000. These services were provided from April, 1996 through July, 1997.

(9)Employee Expense Correction:

During the first half of 1996, employees from BST accepted positions at BSLD. BST continued to incur payroll and benefit costs for a brief time after the employees accepted positions and began work at BSLD. BST billed these costs back to BSLD. This transaction was at fully distributed costs. The amount of the transaction totaled \$194,800.

(10)Investment Related Costs - PCs:

Depreciation of computers for BST employees assigned to BSLD-related projects. This transaction was at fully distributed cost. The amount of the transaction totaled \$30,700. Services were provided from September, 1996 through August, 1997.

(11)Interoffice Testing - CO Switch:

BST provided facilities, including SCPs and a Lucent #5ESS switch, and staff to test BSLD equipment. These services were provided at BST's prevailing company price. The amount for these services totaled \$42,800. These services were provided in June, 1997.

(12)Telecommunications Services:

BST provided local phone service to BSLD at standard tariff rates. The amount for these services totaled \$166,500. Services were provided from April, 1996 through August, 1997.

(13)End to End Testing:

BST provided facilities in order to test various electronic and manual interfaces and systems between BST and BSLD. These services were provided at standard tariff rates. The amount for these services totaled \$2,309. Services were provided through August, 1997.

(14)Collocation:

BST has granted BSLD the right to occupy certain enclosed areas within BST's central offices located at: Courtland Street Office, Atlanta, Georgia; Orlando Main Office, Orlando, Florida; New Orleans Main Office, New Orleans, Louisiana; and Caldwell Street Office, Charlotte, North Carolina. This right is granted for a period of two years from the date BSLD's equipment becomes operational. These services were provided at BST's prevailing company price. The amount for these services totaled \$2,204,000. Services were provided from June, 1997 through August, 1997.

(15)Mail Service: